

Senate Study Bill 1209

SENATE FILE _____
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY
CHAIRPERSON McKIBBEN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the issuance of tax credit certificates and
2 related tax credits to designated investors in the Iowa fund
3 of funds.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 3547SC 80
6 mg/pj/5

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1 1 Section 1. Section 15E.66, Code 2003, is amended by adding
1 2 the following new subsection:
1 3 NEW SUBSECTION. 8. At such time that the Iowa capital
1 4 investment corporation requests the issuance of tax credits
1 5 with respect to an investment in the Iowa fund of funds and
1 6 prior to issuing such tax credits, the board shall consider
1 7 the terms of the investment and the terms of the proposed tax
1 8 credit certificate and shall assess the level of risk that the
1 9 tax credits will be redeemed and the likelihood that the
1 10 investment will result in returns in excess of amounts payable
1 11 to designated investors which may be reinvested in the Iowa
1 12 fund of funds revolving fund as provided in section 15E.65.
1 13 In making this determination, the board shall compare how
1 14 alternative investment structures would affect the level of
1 15 risk that the tax credits will be redeemed and the likelihood
1 16 that the investment will cause excess returns to be generated
1 17 in the Iowa fund of funds for reinvestment in the revolving
1 18 fund. The board may issue tax credits with respect to a
1 19 particular investment in the Iowa fund of funds consistent
1 20 with the provisions hereof if it determines that the Iowa
1 21 capital investment corporation has structured the investments
1 22 in the Iowa fund of funds in an appropriate manner to minimize
1 23 the risk that the tax credits will be redeemed and to maximize
1 24 the amount available to be reinvested in the Iowa fund of
1 25 funds revolving fund. A member of the board shall not incur
1 26 any liability with respect to any decision to issue tax
1 27 credits or to refuse to issue tax credits or with respect to
1 28 the performance of the investments in the Iowa fund of funds.

1 29 EXPLANATION

1 30 This bill relates to the issuance of tax credit
1 31 certificates and related tax credits to designated investors
1 32 in the Iowa fund of funds.
1 33 The bill provides criteria for the Iowa capital investment
1 34 board to consider in determining whether to issue tax credits.
1 35 The bill provides that the board shall consider the terms of
2 1 the investment and the terms of the proposed tax credits and
2 2 shall assess the level of risk that the tax credits will be
2 3 redeemed and the likelihood that the investment will result in
2 4 returns in excess of amounts payable to designated investors
2 5 which may be reinvested in the Iowa fund of funds revolving
2 6 fund. The bill requires the board to compare how alternative
2 7 investment structures would affect the level of risk that the
2 8 tax credits will be redeemed and the likelihood that the
2 9 investment will cause excess returns to be generated in the
2 10 Iowa fund of funds for reinvestment in the revolving fund.
2 11 The bill allows the board to issue tax credits if it
2 12 determines that the Iowa capital investment corporation has
2 13 structured the investments to minimize the risk that the tax
2 14 credits will be redeemed and maximize the amount available to
2 15 be reinvested in the Iowa fund of funds revolving fund. The
2 16 bill provides that the board members shall not incur liability
2 17 for the issuance or refusal to issue tax credits or with
2 18 respect to the performance of the investments.
2 19 LSB 3547SC 80
2 20 mg/pj/5